May 9, 2011

To Whom It May Concern:


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# Notice Regarding Partial Change and Continuance of Countermeasures to Large-Scale Acquisition Actions of the Company's Shares (Takeover Defense Measures)

At the meeting of the Board of Directors held on May 13, 2008, it was resolved that the Company should adopt countermeasures to the Large-Scale Acquisition Actions of the Company's shares (hereinafter referred to as the "Current Plan") as part of the Basic Policy on control over decisions on financial and business policies of the Company (as defined in the main paragraph of Article 118, item 3 of the Enforcement Regulations for Corporation Law; hereinafter referred to as the "Basic Policy"), and as part of the measures to prevent inappropriate parties from controlling the Company's decisions on financial and business policies (as defined in Article 118, item 3, *ro*, (2), of the Enforcement Regulations for Corporation Law) in view of the Basic Policy, and the Company obtained the approval of shareholders for the adoption of the Current Plan at the 112th Ordinary General Meeting of Shareholders of the Company held on June 27, 2008.

The Company hereby notifies you that while the Current Plan shall remain effective until the closing of the ordinary general meeting of shareholders for the last of the fiscal years ending within three (3) years from the closing of the 112th Ordinary General Meeting of Shareholders of the Company, it was resolved at the meeting of the Board of Directors held on May 9, 2011 that the Company shall, after confirming that the Company will continue to maintain the Basic Policy, make necessary changes (hereinafter referred to as the "Revision") to the Current Plan as follows (The plan after changes shall be hereinafter referred to as the "Plan") based on revisions of the Laws and Regulations made after the adoption of the Current Plan and the recent trends of discussions of takeover defense measures held by organizations including the Corporate Value Study Group established in the Ministry of Economy, Trade and Industry and continue to adopt countermeasures to the Large-Scale Acquisition Actions of the Company's shares (takeover defense measures) as part of the measures to prevent inappropriate parties from controlling the Company's decisions on financial and business policies in view of the Basic Policy.

Furthermore, the Company also notifies you that it was resolved with the approval of all directors at the meeting of the Board of Directors mentioned above that a proposal for the approval of the continuing of takeover defense measures under the Plan shall be submitted to the 115th Ordinary General Meeting of Shareholders of the Company to be held on June 29, 2011 (hereinafter referred to as the "Ordinary General Meeting of Shareholders"). In addition, all of the auditors of the Company including Outside Statutory Auditors were present at the meeting of the Board of Directors of the Company at which the takeover defense measures under the Plan were resolved to be continued and all of the auditors approved the continuance of the takeover defense measures under the Plan on condition that the practical operation of the Plan was to be properly carried out.
The Revision shall become effective on condition that the approval of the shareholders is obtained for the proposal mentioned above at the Ordinary General Meeting of Shareholders and the Current Plan shall be changed to the Plan on the same condition.

In the Plan, the main changes made to the Current Plan are as follows:

(i) An upper limit (60 business days) was set for the period for requesting that the Large-Scale Acquirers provide information;
(ii) The requirements for the initiation of countermeasures were revised; and
(iii) Necessary amendments and other changes to terms were made in association with the establishment and revisions of related Laws and Regulations concerning electronic share certificate system, etc.

In the event that the Corporation Law, the Financial Instruments and Exchange Law, or related rules, government ordinances, cabinet office ordinances, ministerial ordinances, etc. (hereinafter referred to as "Laws and Regulations") are amended (amendment includes changes in the names of Laws and Regulations and the enactment of new Laws and Regulations that succeed the previous Laws and Regulations) or brought into force, the provisions referred to in the Plan shall be replaced with the provisions of the Laws and Regulations that substantially succeed the provisions of the prior Laws and Regulations, as amended, except as otherwise provided by the Board of Directors of the Company.

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## 1. Basic Policy

(1) Contents of the Basic Policy

The Company thinks that the issue of by whom and how decisions on the financial and business policies of the Company should be controlled should be finally decided by shareholders from the standpoint of improving corporate value and eventually ensuring shareholders' common interests. Therefore, the Company thinks that the issue of whether to accept a Large-Scale Acquisition Action resulting in change in controlling of the Company, etc. should be finally determined by the intention of the shareholders.

However, it is expected that Large-Scale Acquisition Actions (as defined in 3. (2) (a) below; the same shall apply hereinafter) of the Company's stock may include (i) those threatened to cause an obvious infringement on the corporate value and eventually the shareholders' common interests in view of the purpose of acquisition, the management policy after the proposed acquisition, etc., (ii) those threatened to effectively coerce the Company's shareholders into selling their shares, (iii) those to be carried out without giving the Company a period reasonably necessary to present an alternative business plan, etc.,(hereinafter referred to as the "Alternative Proposal") to replace the acquisition proposal, the business plan, etc., presented by the relevant Large-Scale Acquirer (as defined in 3. (1) below), (iv) those to be carried out without providing sufficient information reasonably necessary for the Company's shareholders to assess the terms of the takeover bid, (v) those with inadequate or inappropriate terms of acquisition (such as the value and type of consideration, timing of the acquisition, and legality of the manner of acquisition) and feasibility of acquisition in light of the Company's primary value, and (vi) those likely to destroy the trustful relationships with interested parties such as employees, business partners including customers, and local communities where the Company has plants and production facilities, which are all indispensable to the Company's continuously increasing corporate value, and threatened to cause a serious affect on the corporate value and eventually the shareholders' common interests. With a view to maximizing the Company's corporate value and the shareholders' common interests, and as an exceptional case, the Company considers the parties engaging in such Large-Scale Acquisition Actions to be inappropriate as parties controlling the Company's decisions on financial and business policies.

The Company's corporate value derives from the sources of offering first class products; synergy generated by the value chain through the business segments and the global network; and the relationship of trust with shareholders, customers, business partners, employees and the society maintained and enhanced by management in conformity with the Sumitomo Business Spirit. These sources function in an organically integrated manner in order to generate more value.

The Company, which manages operations in accordance with the Sumitomo Business Spirit described later, has adopted the following Basic Policy: Our duty is to increase the corporate value and maximize the shareholders' common interests through sharing generated profits with shareholders. Although the Company accepts in principle the fact that the Company is supported by shareholders who obtained shares of the Company through free trading in the market, when a party who intends to obtain more than 20% of all the voting rights of the Company (hereinafter referred to as the "Controlling Shares") or any member of the group to which such party belongs (hereinafter referred to as the "Acquirer(s)") whereby through such acquisition infringes upon the corporate value and eventually shareholders' common interests, the Company will consider such Acquirers who intend to acquire shares of the Company to be not appropriate for holding control over decisions regarding financial and business policies of the Company and shall take measures to ensure and increase the corporate value and the shareholders' common interests to whatever necessary and reasonable extent.

(2) Background to Establishment of the Basic Policy

Sumitomo launched the businesses of copper refining, copper trade, and copper mining about 400 years ago, and developed the businesses as the Besshi Copper Mine in Shikoku began to operate, and among such businesses, the "Sumitomo Besshi Tool Making Workshop" was formed in 1888 for the purpose of producing and repairing machines and tools used at the Besshi Copper Mine. The division was subsequently split to establish Sumitomo Machinery Co., Ltd. in 1934. In 1969, the Company and Uraga Heavy Industries, a shipbuilder, merged into Sumitomo Heavy Industries, Ltd., laying a foundation as a comprehensive heavy machinery manufacturer. Furthermore, in recent years, the Company has promoted its research and development primarily on precision, mechatronics, and system technologies, and focused on the development of businesses in areas such as medical devices, LCD and semiconductor manufacturing equipment, digital appliances related machinery, and precision control and machinery components.

Since its foundation, the Company has continuously made efforts toward technological innovation and application of advanced technologies. As a result, the Company's business domains have extended widely to cover social and industrial infrastructures and cutting-edge technologies. In addition, the product mix is not a mere collection of machinery products, but is characterized as a business model which provides products at each layer, including systems, devices, and components, systematically, and produces the synergetic effect from the organic value chains among its product businesses. In particular, focused efforts have been made to develop and enhance the component business, which has established a competitive superiority, thoroughly reflecting the expertise as a manufacturer and seller of devices, in which such components are used, and customer needs. As a result, the Company's devices and products with such internally produced key components are recognized for their outstanding performance and quality, creating a positive growth cycle.

This business model has been realized through the combination of constantly focusing on the market trends and customer needs and developing technology and products from a long-term perspective rather than discussing whether to continue or discontinue a certain business based on short-term shifts in demand. There have been countless cases where the Company launched into the market products meeting the customers' expectations before any rivals in the industries, as illustrated by a compact proton cancer treatment equipment that

uses a cyclotron particle accelerator, whose application has established an excellent track record, an electric injection molding machine that enables precision high-speed molding, a hydraulic excavator and tanker that realized the world's top-class energy saving efficiency, and a fluidized-bed boiler that contributes to $CO_2$ reduction by burning a broad range of biomass wastes.

Moreover, the Company has established a global sale and service network in order to deliver these excellent products to global customers and support the use of such products. All the Company's products are essential to the customers' manufacturing systems, and the Company believes that maintaining optimal operations of such systems is the key to them in surviving. Providing the same service worldwide as in Japan cannot be achieved without well-trained local staff and an excellent component supply system, nor can it be achieved in a short time. Hence, to maintain such a structure, the Company needs to continuously make investments from a long-term perspective.

Underlying the customer value provided by the Company are the following five principles of "Sumitomo Business Spirit" and the actual practice thereof: (i) the value of "trust", (ii) the prime importance placed on integrity, (iii) the contribution to society, (iv) consideration for the environment, and (v) coexistence with the community. The Company is confident that managing the businesses in compliance with these principles will lead to the enhancement of our corporate value and eventually the realization of the shareholders' common value.

As described above, the Company's corporate value derives from (i) the provision of first-class products backed by continuous R&D activities, (ii) vertically integrated business model which provides systems, devices, and components, (iii) global network of production, sales and services, and (iv) management rooted in the Sumitomo Business Spirit, and from the relationship of trust with the shareholders, customers, business partners, employees and the society, and as they function in an organically integrated manner, greater values have been created.

However, as a consequence of the recent circumstances such as development of new legal systems, conditions in the capital market, and changes in the economic structure and corporate culture, there have been occasional instances where, without obtaining approval of the management of the target company, an acquisition of a large number of shares is forced through unilaterally, and the Company can no longer deny the possibility that, in certain circumstances, the continuous enhancement of the Company's corporate value with the aforementioned management resources could be interrupted.

The Company thinks that, given such trends, it is necessary to constantly anticipate a situation where an Acquirer might emerge.

The Company stresses that it does not have a negative view on acquisition of controlling shares per se.

It is in these circumstances that the Basic Policy has been established as described in (1) above.

## 2. Special Measures to Pursue the Basic Policy

The Company Group has taken and will take following measures in order to pursue the above-stated Basic Policy.

(1) New Medium-Term Management Plan and Implementation thereof

Under the previous medium-term management plan "Global 21", the Company Group developed world-class technologies and created highly profitable business structures, and at the same time focused on capturing the overseas markets where the Company Group can expect large business opportunities, and thereby achieved sustainable growth and development, with the aim of leaping to the status of "Global Sumitomo Heavy Industries." The key issues of "Global 21" were: (i) acceleration of global developments, (ii) promotion of innovations, and (iii) pursuit of value chain between business operations. Furthermore, in accordance with the plan, the Company Group actively implemented measures including the expansion of its production systems in China, Indonesia and Brazil, the acquisition of Hansen Industrial Transmissions NV, a Belgian manufacturer of industrial gear box, and the enhancement of development, design, and production processes and sales to generate "first class products".

In fiscal year 2011, the Company Group has launched its new medium-term management plan "Innovation 21." The Company Group aims to achieve a long-term sales target of ¥1 trillion in order to help implement new business strategies. Moreover, the Company Group will live up to its vision of "Strong and Powerful Sumitomo Heavy Industries," which will enable the Company Group to achieve sustainable growth and improved profitability under any circumstances through the innovation of products and processes and enhancing its competitiveness, as well as through becoming "Global Sumitomo Heavy Industries," a goal set forth in "Global 21," the previous medium-term management plan.

The Company Group will aim to achieve the following numerical targets in 2013, the final year of "Innovation 21."

(i) Fiscal year 2013 sales: ¥730 billion
(ii) Fiscal year 2013 operating income: ¥73 billion

In addition, the Company Group will continue to set ROIC as a management benchmark of the Company Group and to maintain ROIC>WACC (cost of capital) and will constantly ensure 10% or higher of ROIC.

In order to achieve these targets, the Company Group will implement the following managerial measures in response to the changing situation after creating the new medium-term management plan above: (i) expand and utilize its global network; (ii) develop and release innovative products ("product innovation"); and (iii) innovate its production, sales and business operation ("process innovation"). In the process of implementing these measures, the Company Group will continue to actively promote growth through investment by taking advantage of its strengthened financial structure while maintaining its well-disciplined financial control. Specifically, it will put approximately ¥150 billion toward capital investment and product development in the coming three years.

(2) Enhanced Corporate Governance

The Company has been promoting enhancement of the corporate governance. Specifically, the Company made an effort to activate the Board of Directors and maintain the transparency of management, for instance, the adoption of the system of executive officers in 1999, the election of Outside Directors since 2002, the adoption of shortened term of Directors from two years to one year in 2007, etc.

In order to enhance auditing functions across the Company Group, the auditors of the Company hold group auditor meetings on a regular basis. In addition, the auditors conduct on-site audits annually at overseas subsidiaries in response to the increasingly globalized business conditions within the Company Group.

The Company has also notified the financial instruments exchanges on which it is listed of all outside officers as Independent Officers, judging that they are unlikely to have conflicts of interest with general shareholders. These Independent Officers are required to conduct activities taking into account the protection of general shareholders' interests, for example,

by attending Board of Directors meetings and giving necessary opinions, when the meetings make decisions with respect to the execution of duties, to give consideration to general shareholders' interests.

(3) Measures to Share Profits with Shareholders
The Company is committed to making further efforts through implementation of the above-stated measures and strategies in order to improve corporate value by the further growth of the businesses and to share profits with shareholders by continuously increasing dividends, thus increasing the shareholders' common interests.

**3. Contents of the Plan (Measures to Prevent Inappropriate Parties from Controlling the Company's Decisions on Financial and Business Policies in View of the Basic Policy)**

(1) Purpose of Continuance of Takeover Defense Measures under the Plan
As stated in 1. above, while the Company finds it necessary to take certain measures against Acquirers in certain circumstances, the Company thinks that, because it is a listed corporation, the determination of whether to sell shares to a certain Acquirer or the ultimate determination of whether to entrust such Acquirer with the company's management should be basically left up to individual shareholders.

However, in order that the shareholders can make appropriate determinations, it is necessary as a premise to give sufficient consideration to the Company's business features and the Group's history and properly understand the Company's corporate value and the sources generating such value. Further, it can be easily envisaged that information to be provided only by the Acquirer would be insufficient to grasp what effects the acquisition by the Acquirer of the Company's Controlling Shares might have on the Company's corporate value and the sources of such value, and in order that the shareholders make an appropriate assessment, it seems necessary for them to give consideration to information provided by the Board of Directors, which fully understands the Company's business features, and to the views and opinions of the Board of Directors with regard to such Acquirer's action aimed at acquisition of the Controlling Shares, and in certain cases, a new proposal of the Board of Directors addressing such action.

Accordingly, the Company finds it very important for the shareholders to secure sufficient time to analyze and review such multifaceted information.

From the standpoint stated above, the Company has come to the conclusion that it is necessary to continue the takeover defense measures under the Plan as part of the measures whereby the Company can ensure, in light of the aforementioned Basic Policy, that the shareholders make an appropriate assessment as to whether to accept a Large-Scale Acquisition Action by seeking necessary information on such a Large-Scale Acquisition Action from the party who will attempt or has attempted to take such a Large-Scale Acquisition Action (hereinafter referred to as the "Large-Scale Acquirer"), as well as securing a period to consider and review such information; that the Board of Directors presents to the shareholders its opinion or Alternative Proposal in connection with such a Large-Scale Acquisition Action as recommended by the Corporate Value Committee (as defined in (2) (e) below; the same shall apply hereinafter), and that the Company negotiates with the Large-Scale Acquirer for the benefit of the shareholders, and thereby, in light of the Basic Policy, the Company can prevent the Company's decisions on financial and business policies from being controlled by any inappropriate party (which specifically refers to certain Large-Scale Acquirers set forth in accordance with the procedures established by the Board of Directors, and also refers to such Large-Scale Acquirer's co-holder or special interested party (*tokubetsu kankeisha*) as well as such party as recognized by the Board of Directors as the party which any of the foregoing parties substantially controls or which operates in collaboration with or in coordination with any of the foregoing parties; each of

the aforementioned parties shall be hereinafter referred to as an "Excluded Party").

Obviously, in continuing the takeover defense measures under the Plan, it is desirable to ascertain the shareholders' intention. To this end, the Board of Directors of the Company intends to ascertain the shareholders' intention by submitting a proposal for the approval of the continuing of the takeover defense measures under the Plan at the Ordinary General Meeting of Shareholders. It was resolved as of today that the Revision shall be made and the takeover defense measures through the Revision shall be continued on condition that the Revision shall not become effective and the Current Plan shall terminate at the closing of the Ordinary General Meeting of Shareholders if the approval of the shareholders is not obtained.

Incidentally, at present, there exists no proposal for a specific Large-Scale Acquisition Action in respect of the Company's shares.

In addition, the status of the Company's large shareholders as of March 31, 2011 is as indicated in Annex 1, "Information of Large Shareholders."

(2) Outline of the Plan

The flowchart of the procedures under the Plan is as summarized in Annex 2, and the specific contents of the Plan are as outlined below.

(a) Definitions of Large-Scale Acquisition Actions which may invoke the countermeasure

The countermeasure under the Plan may be initiated if any of the actions which fall or could fall under (i) through (iii) below (except those approved in advance by the Board of Directors, collectively, hereinafter referred to as the "Large-Scale Acquisition Actions") occurs or is likely to occur.

(i) Takeover bid or other acquisition (note 3) in respect of the shares, etc., issued by the Company (note 1), as a result of which the percentage (note 2) of such shares, etc., held by a specified shareholder of the Company would become 20% or more.

(ii) Takeover bid or other acquisition (note 7) in respect of the shares, etc., issued by the Company (note 4), as a result of which the percentage (note 5) of such shares, etc., owned by a specified shareholder of the Company and the percentage of such shares, etc., owned by any special interested party (note 6) of such specified shareholder would become 20% or more.

(iii) Irrespective of whether either of the actions set out in (i) or (ii) above is carried out, an agreement or other action by and between a specified shareholder of the Company and any other shareholder(s) of the Company (including the case where more than one other shareholder is involved; the same shall apply hereinafter in this (iii)) whereby such other shareholder(s) fall under the status of co-holder (note 8) of such specified shareholder, or an action (note 10) which establishes a relationship between such specified shareholder and such other shareholder(s) wherein either one substantially controls the other, or they operate in collaboration or coordination (note 9) (provided that this shall apply only if, in respect of the shares, etc., issued by the Company, the aggregate percentage of the shares, etc., held by such specified shareholder and such other shareholder(s) of the Company would become 20% or more).

(note 1) Refers to shares, etc., as defined in Article 27-23, paragraph 1, of the Financial Instruments and Exchange Law. The same shall apply hereinafter unless otherwise provided.

(note 2) Refers to the share holding percentage as defined in Article 27-23, paragraph 4, of the Financial Instruments and Exchange Law. The same shall apply hereinafter except that, for the purpose of calculating such share holding percentage, (i) any special interested party as defined in Article 27-2, paragraph 7, of said Law, and (ii) any investment bank, securities company, or other financial institution which has executed a financial advisory agreement with a specified shareholder of the Company, as well as the takeover bid agent or the lead managing securities company (hereinafter referred to as the "Contracting Financial Institution(s)") for a specified shareholder of the Company shall be deemed as a co-holder in terms of a specified shareholder of the Company. Additionally, for the purpose of calculating such share holding percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's issued shares.

(note 3) Includes ownership of the right to claim delivery of shares, etc., under a sale/purchase or other agreement and execution of the respective transactions set forth in Article 14-6 of the Enforcement Ordinance for Financial Instruments and Exchange Law.

(note 4) Refers to shares, etc., as defined in Article 27-2, paragraph 1, of the Financial Instruments and Exchange Law. The same shall apply in this (ii).

(note 5) Refers to the share ownership percentage as defined in Article 27-2, paragraph 8, of the Financial Instruments and Exchange Law. The same shall apply hereinafter. Additionally, for the purpose of calculating such share ownership percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's voting rights.

(note 6) Refers to a special interested party as defined in Article 27-2, paragraph 7, of the Financial Instruments and Exchange Law; provided that, with respect to the parties indicated in item 1 of said paragraph, the party specified in Article 3, paragraph 2, of the Cabinet Ordinance Concerning Disclosure of Takeover Bid of Shares, etc., by Parties Other than Issuer shall be excluded. Additionally, (i) co-holders and (ii) Contracting Financial Institutions shall be deemed as special interested parties in respect of the relevant specified shareholder. The same shall apply hereinafter unless otherwise provided.

(note 7) Includes an acquisition or other assignment for value as well as those similar to assignment for value as provided in Article 6, paragraph 3, of the Enforcement Ordinance for Financial Instruments and Exchange Law.

(note 8) Refers to the co-holder as defined in Article 27-23, paragraph 5, of the Financial Instruments and Exchange Law. The same shall apply hereinafter.

(note 9) The determination of whether "a relationship ... wherein either one substantially controls the other, or they operate in collaboration or coordination" has been established shall be made on the basis of the formation of a new capital relationship, business alliance, transactional or

contractual relationship, relationships concerning interlocking directors and officers, funds provision relationship, credit offering relationship, substantial interest concerning the share certificates, etc. of the Company through derivatives or stock lending, etc., or other relationships, as well as the impact, etc., directly or indirectly brought upon the Company by such specified shareholder or such other shareholder(s).

(note 10) The determination of whether an action specified in (iii) above has been taken shall be reasonably made by the Board of Directors based on recommendations by the Corporate Value Committee. In addition, the Board of Directors may request the Company's shareholders to provide information to the extent found necessary for the determination of whether the requirements under (iii) apply.

(b) Submission of Intention Letter

Prior to the commencement or execution of a Large-Scale Acquisition Action, the relevant Large-Scale Acquirer shall be requested to submit to the Company's President and Chief Executive Officer a document, in the form to be separately prescribed by the Company, evidencing the Large-Scale Acquirer's undertaking to the Board of Directors that such Large-Scale Acquirer shall comply with the procedures set out in the Plan (hereinafter referred to as the "Large-Scale Acquisition Rules"), and bearing the signature or the name and seal of the Large-Scale Acquirer's representative, as well as a certificate of qualification with regard to the representative who affixes such signature or name and seal (together, hereinafter referred to as the "Intention Letter"). Upon receipt of such Intention Letter, the Board of Directors shall forthwith present the same to the Corporate Value Committee.

In addition to the undertaking to comply with Laws and Regulations and the Large-Scale Acquisition Rules, the Intention Letter shall clearly set forth the Large-Scale Acquirer's name or appellation, address or location of its principal office, business office, etc., the governing law of its establishment, its representative's name, contact information in Japan, the outline of the contemplated Large-Scale Acquisition Action, and other matters. Additionally, only Japanese shall be used in the Intention Letter.

When the Intention Letter is submitted by the Large-Scale Acquirer, the Company shall, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, make appropriate and timely disclosure of such matters as the Board of Directors or the Corporate Value Committee finds appropriate.

(c) Request to the Large-Scale Acquirer for Provision of Information

Within five (5) business days from the day on which the Board of Directors receives the Intention Letter (The first day of the period shall not be counted. The same shall apply in this item (c).) (except in respect of (xiv), within five (5) business days, as a general rule, from the day on which the Board of Directors or the Corporate Value Committee requests submission of information), the Large-Scale Acquirer shall be required to submit to the Board of Directors the information set out in (i) through (xiv) below (hereinafter referred to as the "Large-Scale Acquisition Information"). Upon receipt of the Large-Scale Acquisition Information, the Board of Directors shall forthwith submit the same to the Corporate Value Committee.

Furthermore, if the Board of Directors determines that, solely on the basis of the information initially provided by the Large-Scale Acquirer, it would be difficult for the shareholders to appropriately determine whether to accept the Large-Scale Acquisition Action, or for the Board of Directors or the Corporate Value Committee to form an opinion as to the acceptability of such Large-Scale Acquisition Action (hereinafter

referred to as the "Opinion Formation") or for the Board of Directors to devise an alternative proposal (hereinafter referred to as the "Alternative Proposal Formulation") and present the same to the shareholders in an appropriate manner, then the Board of Directors may, upon fixing a reasonable period (up to sixty (60) business days from the day on which the Board of Directors receives the Intention Letter) (hereinafter referred to as the "Necessary Information Provision Period") before the submission deadline, disclose the period so fixed and the reasons for requiring such reasonable period to the shareholders, and request that the Large-Scale Acquirer at any time provide additional information necessary for the shareholders' appropriate assessment and for the Opinion Formation by the Board of Directors or the Corporate Value Committee or for the Alternative Proposal Formulation by the Board of Directors. However, in such event, the Board of Directors shall place the maximum value on the Corporate Value Committee's opinion. Additionally, when the Board of Directors determines that the provision of information by the Large-Scale Acquirer is complete, the Company shall make appropriate and timely disclosure to that effect in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations. Further, in accordance with the decision of the Board of Directors, the Company shall, as a general rule, make appropriate and timely disclosure of such part of the Large-Scale Acquisition Information as deemed necessary for the shareholders to make an appropriate decision on whether to accept such Large-Scale Acquisition Action, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations at an appropriate time after receiving the Large-Scale Acquisition Information. However, in making such assessment or determination, the Board of Directors shall place the maximum value on the Corporate Value Committee's opinion.

Incidentally, provision of the Large-Scale Acquisition Information in accordance with the Large-Scale Acquisition Rules and other notifications and communications to the Company shall be made only in Japanese.

(i) Outline of the Large-Scale Acquirer and its group companies (which shall include major shareholders or investors and significant subsidiaries and affiliates, and if the Large-Scale Acquirer is a fund or an entity investing in such fund, its major partners, investors (whether direct or indirect), and other members as well as general partners (*gyomu shikko kumiaiin*) and persons who continuously provide investment advice shall also be included; this shall apply hereinafter) (such outline shall include each party's specific name, capital structure, investment ratio, financial matters, and names, brief background description, and records of previous law violations in respect of directors and officers (and if there are such records, an outline thereof) as well as experience in trade similar to that of the Company or the Group, possibility of future competition, and other such details);

(ii) Detailed description of the internal control system of the Large-Scale Acquirer and its group as well as the effectiveness and status of such system;

(iii) With respect to the relevant Large-Scale Acquisition Action, its purpose (if what is planned or otherwise intended is an acquisition of control or participation in management, pure investment or strategic investment, transfer of the Company's shares, etc., to a third party after the execution of such Large-Scale Acquisition Action, or any Material Proposal Action, etc., (which refers to the material proposal action, etc., as defined in Article 27-26, paragraph 1, of the Financial Instruments and Exchange Law), then a statement to that effect and the outline thereof are to be indicated; and if there are more than one purposes, all of them are to be indicated), method, and terms (including type and number of the

Company's shares, etc., which are intended to be acquired through the Large-Scale Acquisition Action, type and amount of consideration in respect of the Large-Scale Acquisition Action, timing of such action, structure of the related transactions, legality of the method of such action, feasibility of such action and the related transactions, and if further acquisition of the Company's shares is intended upon the completion of such Large-Scale Acquisition Action, a statement to that effect and the reasons therefor, and if delisting of the Company's shares, etc., is expected upon the completion of such Large-Scale Acquisition Action, a statement to that effect and the reasons therefor; additionally, a legal opinion by a qualified attorney shall be required with regard to the legality of the method of such Large-Scale Acquisition Action);

(iv) If the purpose of the relevant Large-Scale Acquisition Action is to take a Material Proposal Action, etc., or if there is a possibility that a Material Proposal Action, etc., may be taken after the relevant Large-Scale Acquisition Action, then the purpose, terms, necessity, and timing of such Material Proposal Action, etc., as well as information as to the circumstances under which such Material Proposal Action, etc., could be taken;

(v) Number of the Company's shares, etc., currently held by the Large-Scale Acquirer or its group, and the status of transactions executed by the Large-Scale Acquirer in respect of the Company's shares, etc., for a period of sixty (60) days preceding the submission of the Intention Letter (if such shares have been acquired in a bilateral transaction, the name of the counterparty in such transaction shall be included);

(vi) Whether there has been any communication with third parties in connection with the relevant Large-Scale Acquisition Action (including communication to the Company with respect to the intention to take a Material Proposal Action, etc.; the same shall apply hereinafter), and if there has been such communication, the specific manner and contents thereof;

(vii) Basis for the calculation of the price, etc., for the Large-Scale Acquisition Action as well as the calculation process (including facts and assumptions as the suppositions for calculation, calculation method, calculation agent and information regarding such calculation agent, numerical values used for calculation, and the amount of synergy and dis-synergy expected to arise as a result of a series of transactions relating to the Large-Scale Acquisition Action and the calculation basis therefor);

(viii) Financial support for the acquisition, etc., in connection with the Large-Scale Acquisition Action (including specific names of the relevant fund providers (including substantial providers (whether direct or indirect)), financing methods, conditions for financing, existence and terms of collateral and covenants after the financing (if the Large-Scale Acquirer intends to execute a collateral agreement or any other agreement with a third party in respect of the Company's shares, etc., expected to be acquired through the Large-Scale Acquisition Action, then the type of, the name of counterparty to, and the number of shares, etc., involved in, such agreement, and other important matters shall also be specifically indicated), and specific terms of the related transactions);

(ix) Expected management policies for the Company and its group after the completion of the Large-Scale Acquisition Action (including policies relating to the position of the Company within the so-called "Sumitomo Group" to which the Company belongs, as well as policies relating to treatment of the Company's

trade name (including treatment of the "Sumitomo" part of the corporate name), names of nominees for directors and statutory auditors expected to be dispatched after the completion of the Large-Scale Acquisition Action, as well as their brief background and such other information (including information relating to experience, etc., in the business of the Company and its group or in any similar trade), business plan, financial plan, financing plan, investment plan, capital policy, dividend policy, etc., (including plans to sell, offer as collateral, or otherwise dispose of the Company's assets after the completion of the Large-Scale Acquisition Action), and other policies of how, after the completion of the Large-Scale Acquisition Action, the directors and officers, employees, business partners, and customers of the Company and its group, and the local government bodies in the areas where the Company's factories, production facilities, etc., are situated, and other interested parties will be treated);

(x) Policies for recouping funds invested for the purpose of the Large-Scale Acquisition Action;

(xi) Regulated matters under domestic and foreign Laws and Regulations which may be applicable to the Large-Scale Acquisition Action, and the feasibility of obtaining necessary approvals, permissions, licenses, etc., from domestic and foreign governments or third parties under the Anti-Monopoly Law, the Foreign Exchange and Foreign Trade Law, and other Laws and Regulations (additionally, an opinion of a qualified attorney shall be required with regard to these matters);

(xii) Possibility of maintaining domestic and foreign permissions, licenses, etc., required for the operation of the Group and possibility of complying with various domestic and foreign Laws and Regulations after the completion of the Large-Scale Acquisition Action;

(xiii) Whether there is any association with any antisocial forces or terrorist organizations (whether directly or indirectly) and if there is deemed to be any association, the details of the association as well as the policy to deal with the foregoing;

(xiv) Such other information as the Board of Directors or the Corporate Value Committee finds reasonably necessary where a written request for such information is made to the Large-Scale Acquirer within five (5) business days, as a general rule, from the day on which the Board of Directors receives the complete Intention Letter in the appropriate form.

(d) Setting of Assessment Period for the Board of Directors

The Board of Directors shall set a period for its assessment, review, Opinion Formation, Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer (hereinafter referred to as the "Board Assessment Period") for the number of days set out in (i) or (ii) below (in either case, such period shall be calculated from the day on which the Company discloses that the Board of Directors has determined that the provision of the Large-Scale Acquisition Information is completed, but the first day of such period shall not be counted for the purpose of such calculation), depending on the contents of the Large-Scale Acquisition Action disclosed by the Large-Scale Acquirer.

Unless otherwise provided in the Plan, the Large-Scale Acquisition Action shall commence only after the expiration of the Board Assessment Period. It is noted that such Board Assessment Period has been established in light of the difficulty in

assessing and reviewing the Company's business and the level of difficulty in Opinion Formation, Alternative Proposal Formulation, etc.

(i) In the event that all the shares, etc., of the Company are covered by the takeover bid for consideration in cash (in Japanese yen) only: sixty (60) days or less;

(ii) In the event of the Large-Scale Acquisition Action except in the case of (i): ninety (90) days or less.

During the Board Assessment Period, the Board of Directors shall, based on the Large-Scale Acquisition Information provided by the Large-Scale Acquirer, conduct the evaluation, review, Opinion Formation, Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer in connection with the contemplated Large-Scale Acquisition Action with a view to ensuring and enhancing the Company's corporate value and the shareholders' common interests. In conducting the evaluation, review, Opinion Formation, Alternative Proposal Formulation, and negotiation with the Large-Scale Acquirer, the Board of Directors shall obtain advice, as needed, from professional advisors (such as financial advisors, attorneys, and certified public accountants) who are in the third party position and independent from the Board of Directors. Any and all expenses incurred therefor shall be borne by the Company except in an exceptional case where it is found unreasonable.

Additionally, if there is an unavoidable situation where the Board of Directors is unable to adopt a resolution on whether to initiate the countermeasure within the Board Assessment Period because, for instance, the Corporate Value Committee is unable to provide the recommendation specified in (f) below within the Board Assessment Period, then the Board of Directors may extend the Board Assessment Period to the extent necessary up to thirty (30) days (The first day of the period shall not be counted.) based on a recommendation of the Corporate Value Committee. If the Board of Directors decides to extend the Board Assessment Period, the specific number of days so extended and the reason for such extension shall be disclosed in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(e) Establishment of the Corporate Value Committee

In the Current Plan, for the purpose of eliminating arbitrary decisions on the part of the Board of Directors in respect of the invocation of the Plan, the Company has established the Corporate Value Committee (hereinafter referred to as the "Corporate Value Committee"), which shall consist of at least three (3) members from among Outside Directors and Outside Statutory Auditors (including alternates thereof) as well as experts, who shall be independent from the management operating the Company's business, and the Company will also continue to establish the Corporate Value Committee under the Plan.

The Corporate Value Committee may obtain advice, as needed, from professional advisors (such as financial advisors, attorneys, and certified public accountants) who are in the third party position and independent from the Board of Directors and the Corporate Value Committee. Any and all expenses incurred in obtaining such advice shall be borne by the Company except in an exceptional case where it is found unreasonable.

As a general rule, resolutions of the Corporate Value Committee shall be adopted by the majority of all the members at a meeting where all the incumbent committee members are present. However, in the disability of any member, or if there is any other justifiable reason, such resolutions may be adopted by the majority of the

members present at a meeting where the majority of the independent members are present.

(f) Procedures for Recommendations of the Corporate Value Committee and Resolutions by the Board of Directors

a. Recommendations of the Corporate Value Committee
During the Board Assessment Period, the Corporate Value Committee shall make recommendations to the Board of Directors with regard to the relevant Large-Scale Acquisition Action as set forth in (i) through (iii) below.

(i) When any of the Large-Scale Acquisition Rules is not complied with:
If the Large-Scale Acquirer breaches any of the Large-Scale Acquisition Rules in a material respect, and such breach is not cured within five (5) business days after the Board of Directors gives such Large-Scale Acquirer a written request to cure such breach (The first day of the period shall not be counted.), then as a general rule, the Corporate Value Committee shall recommend that the Board of Directors take the countermeasure against the Large-Scale Acquisition Action except where it is clearly necessary to refrain from initiating the countermeasure or when any other particular circumstances exist in order to ensure and enhance the Company's corporate value and eventually the shareholders' common interests. If such recommendation is made, the Company shall disclose the Corporate Value Committee's opinion, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

Additionally, even after the Corporate Value Committee has recommended that the Board of Directors initiate the countermeasure, if the Large-Scale Acquisition Action is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Corporate Value Committee may recommend that the Board of Directors discontinue the countermeasure, or make other recommendations. If such further recommendation is made, the Company shall also disclose the Corporate Value Committee's opinion, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(ii) When the Large-Scale Acquisition Rules are complied with:
When the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Corporate Value Committee shall, as a general rule, recommend that the Board of Directors refrain from initiating the countermeasure.

However, even if the Large-Scale Acquisition Rules are complied with, the Corporate Value Committee shall recommend that the Board of Directors initiate the countermeasure against such Large-Scale Acquisition Action if such Large-Scale Acquirer is recognized as having any of the circumstances set out in (A) through (J) below, and if it is found reasonable to initiate such countermeasure.

(A) When the Large-Scale Acquirer does not have a true intention of participating in the management of the Company, but acquires the Company's shares, etc., for the purpose of making parties concerned

with the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's shares, etc., is to earn a short-term margin;

(B) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Acquirer, its group companies, etc., the Company's intellectual property, know-how, trade secrets, major business partners and customers, which are essential to the Company's business operation;

(C) When the Large-Scale Acquirer is acquiring the Company's shares with the intention of inappropriately utilizing the Company's assets as collateral or funds for repayment of obligations of such Large-Scale Acquirer, its group companies, etc., after taking control over the management of the Company (Provided, however, that the initiation of the countermeasures shall be determined based on whether the fact exists that the Company's corporate value and eventually the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (C) formally applies.);

(D) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and sell or otherwise dispose of its real properties, securities, and other high-priced assets, which are irrelevant to the Company's business for the time being, and then distribute high dividends temporarily with gains from such disposition or sell the shares at a high price, seizing the timing of a sharp rise of the stock price due to temporary high dividend payments (Provided, however, that the initiation of the countermeasures shall be determined based on whether the fact exists that the Company's corporate value and eventually the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (D) formally applies.);

(E) When, upon acquiring the Company's shares, the Large-Scale Acquirer, who shows no particular interest or intention to be involved in the Company's management, uses every possible means to achieve the sole purpose of making capital gains on a short to medium term basis through resale of the Company's shares back to the Company or to a third party, just in pursuit of the Large-Scale Acquirer's own profit and even to the point of considering an option to dispose of the Company's assets;

(F) When it is determined on reasonable grounds that the conditions proposed by the Large-Scale Acquirer for acquisition of the Company's shares, etc., (including, but not limited to, type of consideration for acquisition, price, calculation basis therefor, contents, timing, method, illegality, and feasibility) are insufficient or inappropriate in light of the Company's corporate value;

(G) When the method of acquisition proposed by the Large-Scale Acquirer is such an oppressive method that the shareholders' opportunity for assessment or freedom may be restricted due to the structure of such method, as exemplified by two-tiered acquisition (acquisition of shares,

etc., in a manner wherein the terms for the second-stage acquisition are set more disadvantageous or are unclear if all of the Company's shares are not acquired at the first-stage of acquisition, or otherwise concerns of the future liquidity of the Company's shares, etc., are raised by suggesting delisting, etc., and thereby the shareholders are effectively coerced into accepting the acquisition);

(H) When, as a result of the Large-Scale Acquirer's acquisition of control over the Company, it is likely that the interests of the shareholders, customers, employees, and other interested parties of the Company may be impaired, and consequently, the Company's corporate value may substantially deteriorate, or it would become extremely difficult to ensure and enhance the Company's corporate value, or it is determined in a reasonable manner that the Company's trustful relationship with customers, employees, and other interested parties or the Company's brand value may be ruined where they are essential for creating the Company's value, or when it is determined that, in the mid- and long-term, the Company's corporate value resulting from the Large-Scale Acquirer's taking of control over the Company would be apparently inferior to the Company's corporate value where the Large-Scale Acquirer does not take control over the Company;

(I) When it is determined on reasonable grounds that the Large-Scale Acquirer would be unsuitable as the Company's controlling shareholder in light of public order and good morals; for instance, where the Large-Scale Acquirer's management or any of its major shareholders or investors is a party associated with antisocial forces or terrorist organizations;

(J) When it is otherwise determined that the Company's corporate value and eventually the shareholders' common interests would be significantly harmed under circumstances similar to those set out in (A) through (I).

Additionally, the procedures set out in (i) above shall apply mutatis mutandis to the disclosure procedures relating to such recommendation or the procedures relating to the subsequent further recommendation.

(iii) Other recommendations, etc., by the Corporate Value Committee
In addition to the above, the Corporate Value Committee may give the Board of Directors recommendations, as necessary, on any matter appropriate in view of the maximization of the shareholders' common interests, or make determinations, etc., on abandonment of the countermeasure where permitted by certain Laws and Regulations.

Additionally, the procedures set out in (i) above shall apply mutatis mutandis to the disclosure procedures relating to such recommendation or the procedures relating to the subsequent further recommendation.

b. Resolutions by the Board of Directors
In the event that the Board of Directors determines, upon placing the maximum value on the Corporate Value Committee's recommendation, that certain criteria set out in the "Guideline Concerning Large-Scale Acquisitions" (hereinafter referred to as the "Guideline"; such Guideline is outlined in Annex 3) are met, then the Board of Directors shall adopt a resolution for initiating or not initiating

the countermeasure, suspending the countermeasure, or any other necessary resolution. Additionally, even when the Corporate Value Committee makes a recommendation of not initiating the countermeasure, the Board of Directors may, upon placing the maximum value on the Corporate Value Committee's recommendation, adopt a resolution to initiate the countermeasure if the Board of Directors finds that there are circumstances due to which the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by complying with such recommendation, or choose not to adopt a resolution to initiate the countermeasure and then convene a general meeting of shareholders to present before the shareholders the question of whether to initiate the countermeasure. Upon adopting such resolution, the Company shall disclose the opinion of the Board of Directors, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

c. Convening of a general meeting of shareholders

If the Board of Directors determines, in its own judgment, that a general meeting of shareholders should be held in order to present to the shareholders the question of whether to initiate the countermeasure under the Plan, then the Board of Directors shall convene the general meeting of shareholders. In such event, the relevant Large-Scale Acquisition Action shall be carried out after the motion for initiating the countermeasure is rejected at the general meeting of shareholders, and such general meeting of shareholders is closed. If the motion for initiating the countermeasure under the Plan is rejected at such general meeting of shareholders, the countermeasure under the Plan shall not be initiated against the relevant Large-Scale Acquisition Action.

Additionally, even after the convocation procedures for such general meeting of shareholders are taken, if the Board of Directors subsequently adopts a resolution not to initiate the countermeasure, or the Board of Directors comes to find it reasonable to adopt a resolution to initiate the countermeasure, then the Company may cancel the procedures for convening the general meeting of shareholders. In the event of the adoption of such resolution, the Company shall also disclose the opinion of the Board of Directors, reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(g) Modification of Large-Scale Acquisition Information

After the Company discloses its determination that the provision of the Large-Scale Acquisition Information under the provisions in (c) above has been completed, if the Board of Directors determines that any material modification has been made by the Large-Scale Acquirer to the Large-Scale Acquisition Information, then the Company shall disclose to that effect, together with reasons therefor, and such other information as found appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, and thereupon the procedures under the Plan in connection with the Large-Scale Acquisition Action based on the previous Large-Scale Acquisition Information (hereinafter referred to as the "Earlier Large-Scale Acquisition Action") shall be discontinued, and the Large-Scale Acquisition Action based on the modified Large-Scale Acquisition Information shall be treated as another Large-Scale Acquisition Action, separate from the Earlier Large-Scale Acquisition Action, and the procedures under the Plan shall apply anew to such action. However, in making such determination, the Board of Directors shall place the maximum value on the Corporate

Value Committee's opinion.

(h) Specific contents of the countermeasure
The countermeasure to be initiated by the Company against the Large-Scale Acquisition Action under the Plan shall be either gratuitous allotment of stock acquisition rights as set forth in Article 277 and subsequent provisions, of the Corporation Law (stock acquisition rights so allotted shall be referred to as "Stock Acquisition Rights" hereinafter) or such other measure as determined most appropriate at that time by the Board of Directors in light of the Corporate Value Committee's views, where such countermeasure shall be found necessary and reasonable to ensure the maximization of the Group's corporate value and eventually the shareholders' common interests or otherwise to protect the foregoing.

The outline of gratuitous allotment of Stock Acquisition Rights as the countermeasure against the Large-Scale Acquisition Action is as set out in Annex 4, but when the Stock Acquisition Rights are actually distributed as gratuitous allotment, the exercise period, conditions for exercise, terms for acquisition, etc., including an exercise condition to the effect that the right may not be exercised by any Excluded Parties, shall be provided, as needed, by taking into consideration their effectiveness and reasonableness as the countermeasure against the Large-Scale Acquisition Action.

## 4. Continuance of Takeover Defense Measures under the Plan and Duration, Continuance, Abolishment, Amendment, etc., of the Plan

In continuing the takeover defense measures under the Plan, the Company shall submit a proposal for approval of the continuance of takeover defense measures under the Plan to the Ordinary General Meeting of Shareholders in order to provide the opportunity to appropriately reflect the intentions of shareholders.

The Plan shall remain effective from the time when the proposal for approval of the continuing of takeover defense measures under the Plan is adopted at the Ordinary General Meeting of Shareholders until the closing of the ordinary general meeting of shareholders for the last of the fiscal years ending within three (3) years from the closing of the Ordinary General Meeting of Shareholders. However, if prior to the expiration of such effective period, (i) a proposal for abolishing the Plan is approved at a general meeting of shareholders of the Company, or (ii) the Board of Directors adopts a resolution to abolish the Plan, then the Plan shall be abolished at such time. This means that the Plan may be abolished at any time in accordance with the shareholders' intention. In addition, if the proposal for approval of the continuing of takeover defense measures under the Plan is not adopted at the Ordinary General Meeting of Shareholders, the Revision shall not become effective and the Current Plan shall be terminated at the closing of the Ordinary General Meeting of Shareholders.

At the meeting of the Board of Directors to be held promptly after the closing of the ordinary general meeting of shareholders of the Company after the Ordinary General Meeting of Shareholders, the Plan shall be reviewed to determine whether to continue, abolish, or amend the Plan, and if necessary, a resolution shall be adopted as required.

Furthermore, from the viewpoint of securing and enhancing the corporate value and eventually the shareholders' common interests, the Board of Directors may, upon obtaining approval of the Corporate Value Committee, reexamine or amend the Plan as needed, to the extent not contravening the Plan, or to the extent considered reasonably necessary due to an amendment to Laws and Regulations as well as the Financial Instruments Exchange Regulations, or a change in the interpretation or operation of the foregoing, or a change in the taxation system or court cases.

In the event that a resolution is adopted to abolish or otherwise amend the Plan, the Company shall disclose such matters as the Board of Directors or the Corporate Value Committee finds appropriate, in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

Incidentally, at present, there exists no proposal for a specific Large-Scale Acquisition Action in respect of the Company's shares.

## 5. Impact on Shareholders and Investors

(1) Impact on Shareholders and Investors upon Changing the Current Plan to the Plan through the Revision

At the time of changing the Current Plan to the Plan through the Revision, gratuitous allotment of Stock Acquisition Rights will not be made. Accordingly, there will be no direct, concrete impact on the rights and economic interests of the shareholders and investors when the Plan or the Revision becomes effective.

(2) Impact on Shareholders and Investors upon Making Gratuitous Allotment of Stock Acquisition Rights

The Board of Directors may initiate the countermeasure under the Plan against a Large-Scale Acquisition Action for the purpose of securing and enhancing the corporate value and eventually the shareholders' common interests, and given the structure of the countermeasure currently anticipated, the per share value of the Company's shares held is expected to be diluted at the time of gratuitous allotment of Stock Acquisition Rights, but because the value of the whole shares of the Company would not be diluted, it is not anticipated that this would bring any direct, concrete impact on the legal rights and economic interests of the shareholders and investors.

However, with respect to the Excluded Parties, if the countermeasure is initiated, there may be some impact as a result on the legal rights and economic interests of such party.

In addition, if a resolution of gratuitous allotment of Stock Acquisition Rights is adopted in connection with the countermeasure, and after the shareholders to receive gratuitous allotment of Stock Acquisition Rights are fixed, if the Company suspends gratuitous allotment of Stock Acquisition Rights, or acquires, without value, Stock Acquisition Rights once allotted gratuitous, then because the per share value of the Company's stock will not be diluted as a result, any investor who has sold or purchased the Company's shares on the assumption that the per share value of the Company's shares would be diluted may suffer a fair amount of loss due to stock price fluctuations.

The procedures to be taken by the shareholders for exercise and acquisition of Stock Acquisition Rights gratuitously allotted are as set forth below.

(i) Procedures for gratuitous allotment of Stock Acquisition Rights:

In the event that the Board of Directors adopts a resolution to make gratuitous allotment of Stock Acquisition Rights, the Company shall fix the record date for allotment of Stock Acquisition Rights and publicly announce the same in accordance with Laws and Regulations and the Company's Articles of Incorporation. In such a case, the Stock Acquisition Rights shall be allotted to the shareholders registered on the last register of shareholders on the relevant record date in proportion to the number of shares held by them respectively.

If Stock Acquisition Rights are to be gratuitously allotted, the shareholders who are

registered on the last register of shareholders on the record date shall all become holders of the Stock Acquisition Rights as a matter of course on the effective date of gratuitous allotment of the Stock Acquisition Rights.

(ii) Procedures for Exercise or Acquisition of Stock Acquisition Rights

The Company shall send to the shareholders registered on the last register of shareholders on the record date a request form for exercise of Stock Acquisition Rights (such form shall be prescribed by the Company, and may include the statement declaring that the shareholder is not an Excluded Party) and other documents required for the exercise of such Stock Acquisition Rights. If the terms of acquisition of Stock Acquisition Rights are not provided and the Company does not intend to acquire the Stock Acquisition Rights, when any of the shareholders pays one (1) yen for each Stock Acquisition Right at the place designated for such payment and also submits the necessary documents within the exercise period for Stock Acquisition Rights to be separately prescribed by the Board of Directors, the Company's common shares shall be issued to such shareholder in the number to be separately prescribed by the Board of Directors, which number shall be 0.5 or more but not more than 1 share for each Stock Acquisition Right. However, no Excluded Party may be allowed to exercise such Stock Acquisition Rights.

On the other hand, if the terms of acquisition of Stock Acquisition Rights are provided and the Company intends to acquire Stock Acquisition Rights, the shareholders may receive the Company's common shares as consideration for the Company's acquisition of such Stock Acquisition Rights without paying the amount otherwise payable as the exercise price (additionally, in such event, the shareholders may be required to separately present a document for identity verification and documents containing information concerning the account for book-entry transfer of the Company's common shares as well as a document wherein the relevant shareholder declares, among other things, that such shareholder is not an Excluded Party, and that such shareholder shall immediately return the Company's shares so issued if such declaration turns out to be false). However, as stated above, with regard to the Excluded Parties, their Stock Acquisition Rights may not be eligible for acquisition, or may be otherwise treated differently from those of the other shareholders.

Details for these procedures shall be disclosed in an appropriate and timely manner in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations when an actual situation occurs to require such procedures, and the contents of such disclosure are to be reviewed.

## 6. Reasonableness of the Plan

The Plan meets three principles as stipulated in the "Guidelines Regarding Takeover Defense for the Purpose of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005: (i) principle of protection and enhancement of corporate value and the interests of shareholders as a whole, (ii) principle of prior disclosure and shareholders' will, and (iii) principle of ensuring necessity and reasonableness; and the details of the Plan are based on the practical affairs and discussions regarding the takeover defense measures such as the "Takeover Defense Measures in Light of Recent Environmental Changes" released on June 30, 2008 by the Corporate Value Study Group established within the Ministry of Economy, Trade and Industry, and thus the Plan is highly reasonable.

(1) Ensuring and Enhancing of Corporate Value and eventually Shareholders' Common Interests

As indicated in 3. (1) above, the purpose of the Plan is to ensure and enhance the Company's corporate value and eventually the shareholders' common interests by ensuring, through requesting the Large-Scale Acquirer to provide necessary information relating to the relevant Large-Scale Acquisition Action in advance and to allow a period for deliberation and negotiation, that the shareholders make appropriate assessment as to whether to accept such Large-Scale Acquisition Action, and that the Board of Directors, upon receiving recommendations of the Corporate Value Committee, presents its view toward such Large-Scale Acquisition Action or the Alternative Proposal to the shareholders, or negotiates with the Large-Scale Acquirer for the benefit of the shareholders.

(2) Prior Disclosure

The Company makes prior disclosure of the Plan in order to increase the predictability for the shareholders and investors as well as the Large-Scale Acquirer and secure a fair opportunity for the shareholders to make a choice.

Also in the future, the Company intends to make appropriate and timely disclosure as needed in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations.

(3) Emphasis on Shareholders' Intention

The Company intends to ascertain the shareholders' intention by submitting the proposal of continuance of takeover defense measures under the Plan for approval at the Ordinary General Meeting of Shareholders. As stated above, if a proposal for abolishing the Plan is approved at the general meeting of shareholders of the Company, the Plan shall be discontinued at such time, and as such, the continuance of the Plan is up to the shareholders.

(4) Procurement of Outside Experts' Opinion

As indicated in 3. (2) (d) above, in taking the countermeasure, the Board of Directors will conduct a deliberation upon obtaining advice of outside professional advisors (such as financial advisors, attorneys, and certified public accountants) as needed. In this way, the objectivity and reasonableness will be secured with respect to determinations of the Board of Directors.

(5) Establishment of the Corporate Value Committee

As indicated in 3. (2) (e) above, the Company will establish the Corporate Value Committee in order to ensure the necessity and reasonableness of the Plan and prevent the management from abusing the Plan for their own protection, and in the event that the Board of Directors initiates the countermeasure, the Board of Directors shall place the maximum value on the Corporate Value Committee's recommendation in order to ensure fairness in decisions of the Board of Directors and eliminate arbitrary decisions on the part of the Board of Directors.

(6) Establishment of the Guideline

In order to prevent the Board of Directors from making arbitrary decisions and treatment in various procedures under the Plan and to ensure procedural transparency, the Company has established the Guideline as an internal policy incorporating objective requirements. The establishment of the Guideline will increase the objectivity and transparency of the policy to be relied upon in making decisions to initiate, not to initiate, or to suspend the countermeasure, and provide sufficient predictability with respect to the Plan (see Annex 3 for the outline of the Guideline).

(7) No Dead-Hand or Slow-Hand Takeover Defense Measures

As stated in 4. above, because the Plan may be abolished at any time at the general meeting of shareholders of the Company or by the Board of Directors comprising the directors appointed at the general meeting of shareholders, it is neither the so-called "dead-hand" type

takeover defense measure (a takeover defense measure which cannot be prevented from being initiated even if the majority of members on the board of directors is replaced) nor the so-called “slow-hand” type takeover defense measure (a takeover defense measure which requires more time before being blocked because the members on the board of directors cannot be replaced all at once).

END

(Annex 1)

Information of Large Shareholders

(as of March 31, 2011)

| Names of Shareholders | Shareholding in the Company | |
|---|---|---|
| | Number of shares held (In thousands of shares) | Shareholding ratio (%) |
| Japan Trustee Services Bank, Ltd. | 95,174 | 15.5 |
| The Master Trust Bank of Japan, Ltd. | 43,421 | 7.1 |
| State Street Bank and Trust Company | 37,170 | 6.0 |
| Sumitomo Life Insurance Company | 22,976 | 3.7 |
| Trust & Custody Services Bank, Ltd. | 18,763 | 3.1 |
| Sumitomo Mitsui Banking Corporation | 15,531 | 2.5 |
| JP Morgan Chase Bank | 13,831 | 2.3 |
| The Chase Manhattan Bank | 11,383 | 1.9 |
| Sumitomo Heavy Industries, Ltd. *Kyoei-kai* | 10,859 | 1.8 |
| Mellon Bank. | 10,443 | 1.7 |

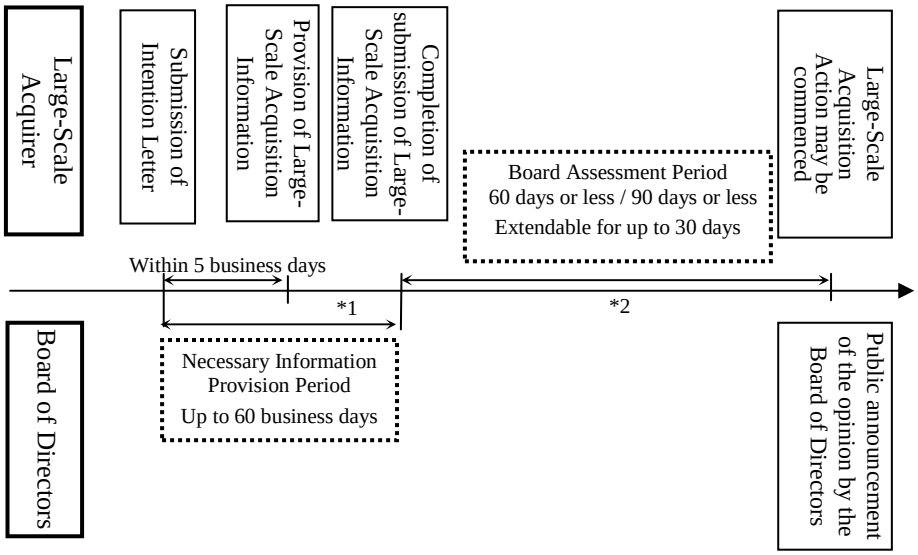
(Notes)

1. The shareholding ratios are calculated excluding the Company's treasury stock (123,181 shares).
2. The number of shares held by each trust bank includes the number of shares pertaining to its trust business.
3. Shares (as of March 31, 2011)
   (1) Total number of authorized shares: 1,800,000,000 shares
   (2) Total number of issued shares: 614,527,405 shares
   (3) Number of shareholders: 60,453

(Annex 2)

FLOW OF PROCEDURES UNDER THE PLAN

**[Outline of Large-Scale Acquisition Rules]**




*1: If the Board of Directors determines that, solely on the basis of the information provided initially, it would be difficult for the shareholders to appropriately determine whether to accept the Large-Scale Acquisition Action, or for the Board of Directors or the Corporate Value Committee to form an opinion as to the acceptability of such Large-Scale Acquisition Action (hereinafter referred to as the "Opinion Formation") or for the Board of Directors to devise an alternative proposal (hereinafter referred to as the "Alternative Proposal Formulation") and present the same to the shareholders in an appropriate manner, then the Board of Directors may, upon fixing a reasonable period (up to sixty (60) business days from the day on which the Board of Directors receives the Intention Letter (The first day of the period shall not be counted) (hereinafter referred to as the "Necessary Information Provision Period") before the submission deadline, disclose the period so fixed and the reasons for requiring such reasonable period to the shareholders, and request that the Large-Scale Acquirer at any time provide additional information necessary for the shareholders' appropriate assessment and for the Opinion Formation by the Board of Directors or the Corporate Value Committee or for the Alternative Proposal Formulation by the Board of Directors. However, in such event, the Board of Directors shall place the maximum value on the Corporate Value Committee's opinion.

*2: In the event that all the shares, etc., of the Company are covered by the takeover bid for consideration in cash (in Japanese yen) only: sixty (60) days or less (The first day of the period shall not be counted.); or in the event of any other Large-Scale Acquisition Action: ninety (90) days or less (The first day of the period shall not be counted.). Additionally, if there is an unavoidable situation where the Board of Directors is unable to adopt a resolution on whether to initiate the countermeasure within the Board Assessment Period because, for instance, the Corporate Value Committee is unable to provide the prescribed recommendation within the Board Assessment Period, then the Board of Directors may extend the Board Assessment Period to the extent necessary up to thirty (30) days (The first day of the period shall not be counted.) based on a recommendation of the Corporate Value Committee.

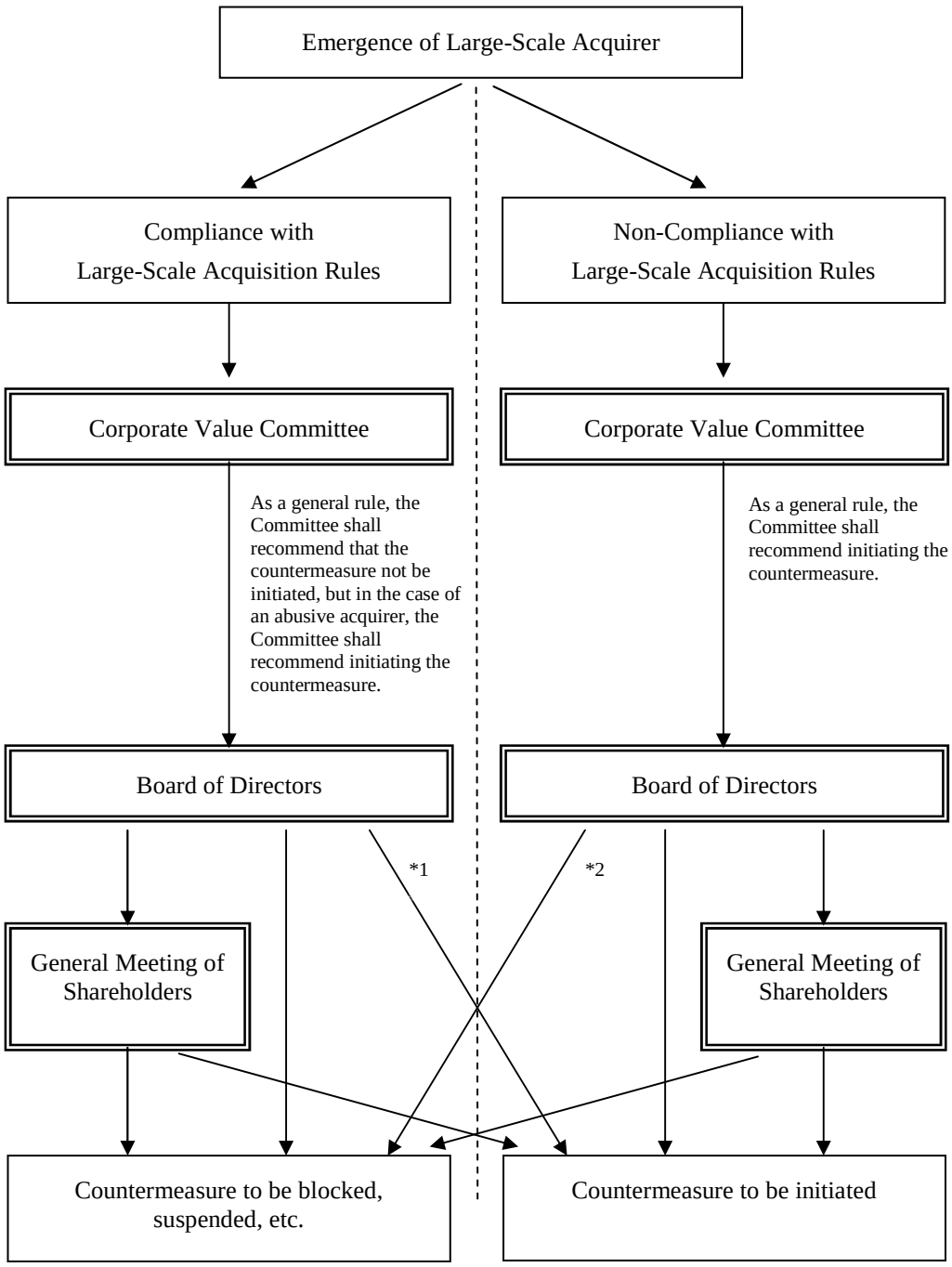
*3: The Corporate Value Committee shall make recommendations to the Board of Directors as needed.

*4: The Board of Directors shall, as needed, present to the shareholders an alternative business plan to replace the acquisition proposal, the business plan, etc., presented by the relevant Large-Scale Acquirer, or shall negotiate with the Large-Scale Acquirer for the benefit of the shareholders.

*5: If the Board of Directors determines, in its own judgment, that a general meeting of shareholders should be held in order to present to the shareholders the question of whether to initiate the countermeasure under the

Plan, then the Board of Directors shall convene the general meeting of shareholders.

**[Outline Relating to Initiation of Countermeasure]**




*1: Countermeasure to be initiated if determined that it is the case of an Abusive Acquirer.
*2: Countermeasure to be blocked, suspended, etc., if determined that it is not the case of an Abusive Acquirer.

Note: (Annex 2) summarizes the flow of the procedures under the Plan. Please refer to the main text of this release for more details.

(Annex 3)

GUIDELINE CONCERNING LARGE-SCALE ACQUISITION ACTIONS (OUTLINE)

1. Purpose

In connection with the countermeasures to be taken with regard to the Large-Scale Acquisition Actions of the Company's shares (hereinafter referred to as the "Plan"), the Guideline Concerning the Large-Scale Acquisition Actions (hereinafter referred to as the "Guideline") is intended to provide the procedures and principles in advance so that, when any Large-Scale Acquirer (as defined immediately below) emerges, the Board of Directors and the Corporate Value Committee (as defined below in 6.) may adopt resolutions to initiate or refrain from initiating the countermeasure of gratuitous allotment of stock acquisition rights, and take other necessary actions, with a view to ensuring and enhancing the Company's corporate value and eventually the shareholders' common interests.

For purposes of the Guideline, a "Large-Scale Acquisition Action" refers to any of the actions which fall or could fall under (i) through (iii) below (except those approved in advance by the Board of Directors), and a "Large-Scale Acquirer" refers to the party who will attempt or has attempted to take such Large-Scale Acquisition Action.

(i) Takeover bid or other acquisition[3] in respect of the shares, etc., issued by the Company[1], as a result of which the percentage[2] of such shares, etc., held by a specified shareholder of the Company would become 20% or more.

(ii) Takeover bid or other acquisition[7] in respect of the shares, etc., issued by the Company[4], as a result of which the percentage[5] of such shares, etc., owned by a specified shareholder of the Company and the percentage of such shares, etc., owned by any special interested party[6] of such specified shareholder would become 20% or more.

(iii) Irrespective of whether either of the actions set out in (i) or (ii) above is carried out, an agreement or other action by and between a specified shareholder of the Company and any other shareholder(s) of the Company (including the case where more than one other shareholder is involved; the same shall apply hereinafter in this (iii)) whereby such other shareholder(s) fall under the status of co-holder[8] of such specified shareholder, or an action[10] which establishes a relationship between such specified shareholder and such other shareholder(s) wherein either one substantially controls the other, or they operate in collaboration or coordination[9] (provided that this shall apply only if, in respect of the shares, etc., issued by the Company, the aggregate percentage of the shares, etc., held by such specified shareholder and such other shareholder(s) of the Company would become 20% or more).

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1 Refers to shares, etc., as defined in Article 27-23, paragraph 1, of the Financial Instruments and Exchange Law. The same shall apply hereinafter unless otherwise provided.

2 Refers to the share holding percentage as defined in Article 27-23, paragraph 4, of the Financial Instruments and Exchange Law. The same shall apply hereinafter except that, for the purpose of calculating such share holding percentage, (i) any special interested party as defined in Article 27-2, paragraph 7, of said Law, and (ii) any investment bank, securities company, or other financial institution which has executed a financial advisory agreement with a specified shareholder of the Company, as well as the takeover bid agent or the lead managing securities company (hereinafter referred to as the "Contracting Financial Institution(s)") for a specified shareholder of the Company shall be deemed as a co-holder (as defined in Article 27-23, paragraph 5, of the Financial Instruments and Exchange Law; the same shall apply hereinafter) of the relevant Large-Scale Acquirer for purposes of the Plan. Additionally, for the purpose of calculating such share holding percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's issued shares.

3 Includes ownership of the right to claim delivery of shares, etc., under a sale/purchase or other agreement and execution of the respective transactions set forth in Article 14-6 of the Enforcement Ordinance for Financial Instruments and Exchange Law.

4 Refers to shares, etc., as defined in Article 27-2, paragraph 1, of the Financial Instruments and Exchange Law. The same shall apply in this (ii).

5 Refers to the share ownership percentage as defined in Article 27-2, paragraph 8, of the Financial Instruments and Exchange Law. The same shall apply hereinafter. Additionally, for the purpose of calculating such share ownership percentage, the most recent information publicly announced by the Company may be used for the aggregate number of the Company's voting rights.

6 Refers to a special interested party as defined in Article 27-2, paragraph 7, of the Financial Instruments and Exchange Law; provided that, with respect to the parties indicated in item 1 of said paragraph, the party specified in Article 3, paragraph 2, of the Cabinet Ordinance Concerning Disclosure of Takeover Bid of Shares, etc., by Parties Other than Issuer shall be excluded. Additionally, (i) co-holders and (ii) Contracting Financial Institutions shall be deemed as special interested parties of such Large-Scale Acquirer for purposes of the Plan. The same shall apply hereinafter.

7 Includes an acquisition or other assignment for value as well as those similar to assignment for value as provided in Article 6, paragraph 3, of the Enforcement Ordinance for Financial Instruments and Exchange Law.

8 Refers to the co-holder as defined in Article 27-23, paragraph 5, of the Financial Instruments and Exchange Law. The same shall apply hereinafter.

9 The determination of whether "a relationship ... wherein either one substantially controls the other, or they operate in collaboration or coordination" has been established shall be made on the basis of the formation of a new capital relationship, business alliance, transactional or contractual relationship, relationships concerning interlocking directors and officers, funds provision relationship, credit offering relationship, substantial interest concerning the share certificates, etc., of the Company through derivatives or stock lending, etc., or other relationships, as well as the impact, etc., directly or indirectly brought upon the Company by such specified shareholder or such other shareholder(s).

10 The determination of whether an action specified in (iii) above has been taken shall be reasonably made by the Board of Directors based on recommendations by the Corporate Value Committee. In addition, the Board of Directors may request the Company's shareholders to provide necessary information to the extent found necessary for the determination of whether the requirements under (iii) apply.

2. Initiation of Countermeasure

(1) If the Large-Scale Acquirer breaches any of the procedures set out in the Plan (hereinafter referred to as the "Large-Scale Acquisition Rules") in a material respect (including the cases where the Large-Scale Acquirer fails to provide additional, necessary information within a reasonable period prescribed by the Board of Directors (up to sixty (60) business days from the day on which the Board of Directors receives the Intention Letter (The first day of the period shall not be counted.), and where the Large-Scale Acquirer refuses to have discussions or negotiations with the Board of Directors), and such breach is not cured within five (5) business days after the Board of Directors gives such Large-Scale Acquirer a written request to cure such breach (The first day of the period shall not be counted.), then as a general rule, the Corporate Value Committee shall recommend that the Board of Directors take the countermeasure, or (2) even if the Large-Scale Acquirer complies with the Large-Scale Acquisition Rules, the Corporate Value Committee shall recommend that the Board of Directors initiate the countermeasure if such Large-Scale Acquirer is recognized as having any of the circumstances set out in (A) through (J) below (hereinafter referred to as the "Abusive Acquirer"), and if it is found reasonable to initiate such countermeasure, and the Board of Directors shall, upon placing the maximum value on the Corporate Value Committee's recommendation, adopt a resolution to initiate the countermeasure.

However, even after the Corporate Value Committee has recommended that the Board of Directors initiate the countermeasure, if the Large-Scale Acquisition Action is withdrawn, or if otherwise the facts and other circumstances that formed the basis for such recommendation are altered, then the Corporate Value Committee may recommend that the Board of Directors discontinue the countermeasure, or make other recommendations, and if the Board of Directors finds that the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by placing the maximum value on the Corporate Value Committee's recommendation and complying with such recommendation, then the Board of Directors may choose to adopt or not to adopt a resolution to initiate the countermeasure, and then convene a general meeting of shareholders to present before the shareholders the question of whether to initiate the countermeasure.

(A) When the Large-Scale Acquirer does not have a true intention of participating in the management of the Company, but acquires the Company's shares, etc., for the purpose of making parties concerned with the Company buy back the shares at an inflated stock price (so-called "green mailer"), or when the main purpose of acquiring the Company's shares, etc., is to earn a short-term margin;

(B) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and cause it to transfer to the Large-Scale Acquirer, its group companies, etc., the Company's intellectual property, know-how, trade secrets, major business partners and customers, which are essential to the Company's business operation;

(C) When the Large-Scale Acquirer is acquiring the Company's shares with the intention of inappropriately utilizing the Company's assets as collateral or funds for repayment of obligations of such Large-Scale Acquirer, its group companies, etc., after taking control over the management of the Company (Provided, however, that the initiation of the countermeasures shall be determined based on whether the fact exists that the Company's corporate value and eventually the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (C) formally applies.);

(D) When the main purpose of participating in the management of the Company is to temporarily control the management of the Company and sell or otherwise dispose of its real properties, securities, and other high-priced assets, which are irrelevant to the

Company's business for the time being, and then distribute high dividends temporarily with gains from such disposition or sell the shares at a high price, seizing the timing of a sharp rise of the stock price due to temporary high dividend payments (Provided, however, that the initiation of the countermeasures shall be determined based on whether the fact exists that the Company's corporate value and eventually the shareholders' common interests would be impaired. The Company shall not initiate the countermeasures merely because this item (D) formally applies.);

(E) When, upon acquiring the Company's shares, the Large-Scale Acquirer, who shows no particular interest or intention to be involved in the Company's management, uses every possible means to achieve the sole purpose of making capital gains on a short to medium term basis through resale of the Company's shares back to the Company or to a third party, just in pursuit of the Large-Scale Acquirer's own profit and even to the point of considering an option to dispose of the Company's assets;

(F) When it is determined on reasonable grounds that the conditions proposed by the Large-Scale Acquirer for acquisition of the Company's shares, etc., (including, but not limited to, type of consideration for acquisition, price, calculation basis therefor, contents, timing, method, illegality, and feasibility) are insufficient or inappropriate in light of the Company's corporate value;

(G) When the method of acquisition proposed by the Large-Scale Acquirer is such an oppressive method that the shareholders' opportunity for assessment or freedom may be restricted due to the structure of such method, as exemplified by two-tiered acquisition (acquisition of shares, etc., in a manner wherein the terms for the second-stage acquisition are set more disadvantageous or are unclear if all of the Company's shares are not acquired at the first stage of acquisition, or otherwise concerns of the future liquidity of the Company's shares, etc., are raised by suggesting delisting, etc., and thereby the shareholders are effectively coerced into accepting the acquisition);

(H) When, as a result of the Large-Scale Acquirer's acquisition of control over the Company, it is likely that the interests of the shareholders, customers, employees, and other interested parties of the Company may be impaired, and consequently, the Company's corporate value may substantially deteriorate, or it would become extremely difficult to ensure and enhance the Company's corporate value, or it is determined in a reasonable manner that the Company's trustful relationship with customers, employees, and other interested parties or the Company's brand value may be ruined where they are essential for creating the Company's value, or when it is determined that, in the mid- and long-term, the Company's corporate value resulting from the Large-Scale Acquirer's taking of control over the Company would be apparently inferior to the Company's corporate value where the Large-Scale Acquirer does not take control over the Company;

(I) When it is determined on reasonable grounds that the Large-Scale Acquirer would be unsuitable as the Company's controlling shareholder in light of public order and good morals; for instance, where the Large-Scale Acquirer's management or any of its major shareholders or investors is a party associated with antisocial forces or terrorist organizations;

(J) When it is otherwise determined that the Company's corporate value and eventually the shareholders' common interests would be significantly harmed under circumstances similar to those set out in (A) through (I).

3. No Initiation of Countermeasure

The Board of Directors shall not initiate the countermeasure in the following cases:

(1) when the shareholders (other than the relevant Large-Scale Acquirer) holding one-half or more of the voting rights of all the shareholders of the Company express their intention to accept the takeover bid;

(2) when the Board of Directors determines, as a result of having sufficient discussions and negotiations with the Large-Scale Acquirer, that such Large-Scale Acquirer is not an Abusive Acquirer;

(3) when the proposal for initiating the countermeasure under the Plan is rejected at the general meeting of shareholders of the Company held to determine whether to initiate the countermeasure under the Plan;

(4) when the Corporate Value Committee recommends that the Board of Directors not initiate the countermeasure against the Large-Scale Acquisition Action, and the Board of Directors finds that there are no circumstances under which the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by placing the maximum value on the Corporate Value Committee's recommendation and complying with such recommendation;

(5) when the Corporate Value Committee recommends that the Board of Directors initiate the countermeasure against the Large-Scale Acquisition Action, and the Board of Directors finds that there are circumstances under which the directors' fiduciary duty (*zenkan chui gimu*) is likely to be violated by placing the maximum value on the Corporate Value Committee's recommendation and complying with such recommendation; or

(6) in such other event as the Board of Directors separately provides.

4. Abandonment of Countermeasure

The Board of Directors shall abandon the countermeasure in the following cases:

(1) when an ordinary resolution to agree to the Large-Scale Acquirer's proposal of acquisition is passed at the general meeting of shareholders of the Company;

(2) upon the unanimous agreement of all the members of the Corporate Value Committee; or

(3) in such other event as the Board of Directors separately provides.

5. Contents of Countermeasure

The countermeasure shall be either gratuitous allotment of stock acquisition rights as set forth in Article 277 and subsequent provisions of Corporation Law (stock acquisition rights so allotted shall be referred to as "Stock Acquisition Rights" hereinafter) or such other measure as determined most appropriate at that time by the Board of Directors in light of the Corporate Value Committee's views, where such countermeasure shall be found necessary and reasonable to ensure the maximization of the Group's corporate value and eventually the shareholders' common interests or otherwise to protect the foregoing.

Additionally, the outline of gratuitous allotment of Stock Acquisition Rights as the countermeasure against the Large-Scale Acquisition Action is as set out in Annex 4, and the

exercise period, conditions for exercise, terms for acquisition, etc., including an exercise condition to the effect that the right may not be exercised by certain Large-Scale Acquirers set forth in accordance with the procedures established by the Board of Directors, and such Large-Scale Acquirer's co-holder or special interested party (*tokubetsu kankeisha*) as well as such party as recognized by the Board of Directors as the party which any of the foregoing parties substantially controls or which operates in collaboration with or in coordination with any of the foregoing parties (each of the aforementioned parties shall be hereinafter referred to as an "Excluded Party"), shall be provided, as needed, by taking into consideration their effectiveness and reasonableness as the countermeasure against the Large-Scale Acquisition Action.

6. Corporate Value Committee

The Corporate Value Committee shall consist of at least three (3) members, and such members shall be appointed by the Board of Directors from among Outside Directors and Outside Statutory Auditors (including alternates thereof) as well as experts, who shall be independent from the management operating the Company's business. Additionally, each of such experts shall execute, with the Company, an agreement which shall include, among others, a clause to impose the fiduciary duty (*zenkan chui gimu*) toward the Company.

As a general rule, resolutions of the Corporate Value Committee shall be adopted by the majority of all the members at a meeting where all the incumbent committee members are present. However, in the disability of any member of the Corporate Value Committee, or if there is any other justifiable reason, such resolutions may be adopted by the majority of the independent members present at a meeting where the majority of the independent members are present.

7. Timely Disclosure

The Board of Directors shall, in accordance with applicable Laws and Regulations as well as the Financial Instruments Exchange Regulations, make appropriate and timely disclosure to the shareholders and investors of such matters as deemed necessary under the Plan.

8. Continuance of Takeover Defense Measures under the Plan and Duration, Continuance, Abolishment, Amendment, etc., of the Plan

The Plan shall remain effective until the closing of the ordinary general meeting of shareholders for the last of the fiscal years ending within three (3) years from the closing of the 115th Ordinary General Meeting of Shareholders of the Company to be held on June 29, 2011 (hereafter referred to as the "Ordinary General Meeting of Shareholders"). However, if prior to the expiration of such effective period, (i) the proposal for approval of the continuance of takeover defense measures under the Plan is not adopted at the Ordinary General Meeting of Shareholders, (ii) a proposal for abolishing the Plan is approved at a general meeting of shareholders of the Company, or (iii) the Board of Directors adopts a resolution to abolish the Plan, then the Plan shall be abolished at such time.

Additionally, at the meeting of the Board of Directors to be held promptly after the closing of the ordinary general meeting of shareholders of the Company after the Ordinary General Meeting of Shareholders, the Board of Directors shall review the Plan to determine whether to continue, abolish, or amend the Plan, and if necessary, a resolution shall be adopted as required.

Furthermore, from the viewpoint of securing and enhancing the corporate value and eventually the shareholders' common interests, the Board of Directors shall reexamine or amend the Plan as needed.

END

(Annex 4)

OUTLINE OF GRATUITOUS ALLOTMENT OF STOCK ACQUISITION RIGHTS

1. Shareholders to whom allotment may be made:

   One (1) stock acquisition right shall be gratuitously allotted for each one (1) of the shares (other than the Company's common shares held by the Company) held by the shareholders registered on the last register of shareholders on the record date to be separately determined by the Board of Directors.

2. Type and Number of shares to be acquired upon exercise of stock acquisition rights:

   The type of shares to be acquired upon exercise of stock acquisition rights shall be common shares of the Company, and the number of common shares to be so acquired shall be 0.5 or more but not more than one (1) share for each stock acquisition right as the Board of Directors shall separately determine.

3. Effective date of gratuitous allotment of stock acquisition rights:

   To be separately determined by the Board of Directors.

4. Value of property to be invested upon exercise of each stock acquisition right:

   The form of investment to be made upon exercise of stock acquisition rights shall be cash, and the amount to be invested upon exercise of one(1) stock acquisition right shall be one (1) yen for each common share of the Company.

5. Restriction on transfer of stock acquisition rights:

   Stock acquisition rights shall only be transferred with the approval of the Board of Directors.

6. Conditions for exercise of stock acquisition rights:

   Conditions for exercise of stock acquisition rights shall be separately determined by the Board of Directors (it is noted that an exercise condition may be attached to the effect that the right may not be exercised by certain Large-Scale Acquirers set forth in accordance with the procedures established by the Board of Directors, or such Large-Scale Acquirer's co-holder or special interested party (*tokubetsu kankeisha*), or such party as recognized by the Board of Directors as the party which any of the foregoing parties substantially controls or which operates in collaboration with or in coordination with any of the foregoing parties (each of the aforementioned parties shall be hereinafter referred to as an "Excluded Party").

7. Acquisition by the Company of stock acquisition rights:

   The Board of Directors may attach an acquisition clause setting forth, among others, that the Company may, pursuant to the resolution of the Board of Directors, acquire only the stock acquisition rights held by the holders other than the Excluded Parties, on condition that any of the following occurs: when the Large-Scale Acquirer violates any of the Large-Scale

Acquisition Rules; when any of the other prescribed events occurs; or when any date separately specified by the Board of Directors occurs.

8. Reasons for acquisition of stock acquisition rights without value (reasons for abandonment of the countermeasures):

The Company may acquire all of the stock acquisition rights without value upon the occurrence of any of the following events:

(a) when an ordinary resolution to agree to the Large-Scale Acquirer's proposal of acquisition is passed at the general meeting of shareholders of the Company;

(b) upon the unanimous agreement of all the members of the Corporate Value Committee; or

(c) in such other event as the Board of Directors separately provides.

9. Exercise period and other matters in respect of stock acquisition rights:

The exercise period and other necessary matters in respect of the stock acquisition rights shall be separately determined by the Board of Directors.

(Reference)

Names and Brief Background Descriptions of
Members of the Corporate Value Committee

[Name] Toshiaki Kakimoto
[Brief Background Descriptions]

| | |
|---|---|
| Jun. 1989 | Director, The Sumitomo Bank, Limited (retired in Jun. 1993), |
| Jun. 1993 | Executive Managing Director, The Japan Research Institute, Limited ("JRI") (retired in Nov.1994) |
| Nov. 1994 | Executive Vice President, Sumitomo Capital Securities Co., Ltd.(retired in Jun. 1996) |
| Jun. 1996 | Executive Managing Director, JRI |
| Jan. 1998 | Executive Vice President, JRI |
| Jun. 2000 | Chairman, JRI (retired in Jun. 2004) |
| Jun. 2005 | Outside Director of the Company, to date |

[Name] Seishiro Tsukada
[Brief Background Descriptions]

| | |
|---|---|
| Apr. 1981 | Registered as attorney at law, to date |
| Apr. 1992 | Member of the Civil Affairs Conciliation Board, Shibuya Summary Court (currently Tokyo Summary Court), to date |
| Apr. 1997 | Vice Chairman, The Daiichi Tokyo Bar Association (fiscal year 1997) |
| Jun. 2008 | Outside Statutory Auditor of the Company, to date |
| Apr. 2009 | Director, The Japan Federation of Bar Association (fiscal year 2009) |

[Name] Hideo Kojima
[Brief Background Descriptions]

| | |
|---|---|
| Mar. 1980 | Registered as chartered accountant, to date |
| May 1995 | Representative Partner, Ota-Showa Auditors Office (currently Ernst & Young ShinNihon LLC) |
| May 2000 | Vice Chairman, Century Ota Showa & Co. (currently Ernst & Young ShinNihon LLC) |
| May 2004 | General Manager, International Division, Tokyo Office, Shin-nihon Auditors Office (currently Ernst & Young ShinNihon LLC) |
| May 2006 | Executive Vice Chairman, Shin-nihon Auditors Office (currently Ernst & Young ShinNihon LLC) |
| Jun. 2010 | Senior Advisor, Ernst & Young ShinNihon LLC, to date |

The Company notified Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd. that Messrs. Toshiaki Kakimoto and Seishiro Tsukada are Independent Officers.

With respect to Mr. Hideo Kojima, on his election as an Outside Statutory Auditor, the Company will notify them that he is an Independent Officer.